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Message Text

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ORIGIN PM-04

INFO OCT-01 AF-08 ISO-00 TRSE-00 OMB-01 L-03 NSC-05 SP-02
SS-15 CIAE-00 INR-07 NSAE-00 MC-02 ACDA-07 AID-05
IGA-02 /062 R

DRAFTED BY PM/SAS: DHESTER: DOD/DSAA: PSOMMER:TLB
APPROVED BY PM/SAS: ASKOCHANEK
DOD/ISA - MR. HAMILTON
AF/C - MR. MARKS
TREASURY - MR. CROSSWHITE
OMB - MS. SCHLUETER
L/PM - MR. BOREK
----------121155Z 021536 /21
R 120231Z PEB 77
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA
INFO SECDEF
DA
CSAF
JCS
AFALD WPAFB
USCINCEUR

C O N F I D E N T I A L STATE 032527

E.O. 11652: GDS

TAGS: MASS, KE

SUBJECT: ZAIRE: USE OF FY 7T AND FY 77 FMS FINANCING

REF: A) KINSHASA 9873 DTG 240645Z NOV 76 (NOTAL)
B) STATE 257643 DTG 182041Z OCT 76 (NOTAL)

1. IN RESPONSE TO REF A USG APPROVES GOZ USE OF $10
MILLION FY 7T FMS CREDIT FOR INITIATING PURCHASE OF 56
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V-150 ARMORED CARS.

2. USG ALSO APPROVS GOZUSEOF FY 77 FMS CREDIT TOTALING
DOLS 28 MILLION FOR PROCUREMENT OF FOLLOING ITEMS WITH
ESTIMATED RPT ESTIMATED COSTS IN MILLIONS OF DOLLARS:

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(A) GROUND FORCE UPGRADE PACKAGE
-- 56 V-150 ARMORED CARS (PROGRESS PAYMENTS $4.0)
-- 6 M101A1 HOWITZERS AND PRIME MOVERS ($1.0)
-- 6 M40A2 RECOILLESS RIFLES ($0.2)
-- 38 M2 AND 72 M60 MACHINE GUNS ($0.6)
-- VARIOUS JEEPS, TRUCKS, AND RADIOS ($5.0)

(B) 10 M60 TANKS AND ONE TANK RETRIEVER ($12.2)

(C) C-130 AIRCRAFT SPARE PARTS AND REPAIRS ($4.5)

(D) SURVEY TEAM AND MTTS ($0.5)

IF FUNDS ARE AVAILABLE AFTER FINANCING ABOVE, WE WILL CONSIDER AT THAT TIME SPECIFIC GOZ REQUEST TO USE REMAINING FY 77 FMS CREDIT FOR PROCUREMENT OF WRECKERS MENTIONED REF A, PARA 1(C).

3. FY 77 LOAN TOTALING $28 MILLION WILL INCLUDE MAXIMUM REPAYMENT PERIOD OF TWELVE YEARS, INCLUDING 36 MONTH GRACE PERIOD ON REPAYMENT OF PRINCIPAL, AND WILL BE EXTENDED BY USG THROUGH DEPARTMENT OF DEFENSE. DISBURSEMENT PERIOD OF LOAN WILL BE FIRST 24 MONTHS FOLLOWING DATE OF SIGNATURE OF LOAN AGREEMENT. RATE OF INTEREST WILL BE COST OF MONEY TO USG DURING MONTH IN WHICH LOAN AGREEMENT IS SIGNED. INTEREST ON OUTSTANDING PRINCIPAL WILL BE PAID ON FEBRUARY 1 AND AUGUST 1 OF EAC'YEAR, COMMENCING AUGUST 1, 1977. PRINCIPAL WILL BE REPAID IN 19 CONSECUTIVE SEMI-ANNUAL PAYMENTS (FEBRUARY 1 AND AUGUST 1) COMMENCING FEBRUARY 1; 1980. OTHER TERMS OF LOAN WILL BE DETERMINED BY DEPARTMENT
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OF DEFENSE.

4. REGARDING TANKS AND RETRIEVER (PARA 1(B) REF A), WE STILL HAVE NOT FINALIZED SOURCE AND CONSEQUENTLY COSTS ARE UNCERTAIN. WE WILL KEEP YOU ADVISED.

5. AS REPORTED SECDEF. 051134Z JAN 77, WE HAVE PASSED GOZ REQUEST FOR A SUPPLY SUPPORT ARRANGEMENT (SSA) FOR C-130HS TO DOD/USAF, FOR IMPLEMENTATION. CONCERNING PAYMENT TERMS, REF B DETAILED CURRENT USG POLICY ON USE OF FMS CREDIT. NONETHELESS WE RECOGNIZE GOZ FINANCIAL SITUATION AND THUS APPROVE, ALBEIT RELUCTANTLY, GOZ REQUEST CONTAINED PARA 2, REF A, TO FINANCE C-130 SUPPORT (SSA AND COMMERCIAL CONTRACTS WITH LOCKHEED) WITH FMS CREDITS. YOU SHOULD EMPHASIZE TO GOZ THAT USE OF FMS CREDIT FINANCING FOR REPAIRS IS AN EXCEPTION TO POLICY. IN PARTICULAR YOU SHOULD WORK WITH GOZ TO AVOID FUTURE USE OF CREDIT TO PAY OFF PRIOR GOZ COMMERCIAL OBLIGATIONS. FOLLOWING CONSUMMA-

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TION OF FY 77 CREDIT AGREEMENT, GOZ SHOULD PROCESS REQUESTS TO PAY FOR C-130 COMMERCIAL REPAIRS IN ACCORDANCE WITH ANNEX B (PAYMENT PROCEDURES) OF CREDIT AGREEMENT. WE PREFER THAT GOZ AWAIT FY 77 CREDIT TO PAY THESE BILLS AS INTERAGENCY APPROVAL TO EXTEND FY 7T AND FY 77 CREDIT IS BASED ON PURPOSES OUTLINED IN PARAS 1 AND 2 ABOVE.

6. WE ARE PROCESSING PAPERWORK REQUIRED PRIOR TO SIGNING FY 77 LOAN AGREEMENT FOR $28 MILLION IN DIRECT FMS CREDIT. GOZ SHOULD AUTHORIZE EMBASSY OFFICIAL IN WASHINGTON TO SIGN FY 77 AGREEMENT AND PROMISSORY NOTE. WE WILL INFORM EMBASSY WHEN LOAN AGREEMENT IS READY FOR SIGNATURE.
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*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 12-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Message ID: 635a9cce-c288-dd11-92da-001cc4696bcc
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Original Classification: CONFIDENTIAL
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Review Media Identifier:
Review Release Date: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3460843
Secure: OPEN
Status: <DBA CORRECTED> jms 970915
Subject: ZAIRE: USE OF FY 7T AND FY 77 FMS FINANCING
TAGS: MASS, KE, US
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